

**ATTESTATION REPORT  
OF  
HOLT COUNTY COURT  
JULY 1, 2007 THROUGH JUNE 30, 2008**

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**Issued on May 12, 2009**

# HOLT COUNTY COURT

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# HOLT COUNTY COURT

## COMMENT AND RECOMMENDATION

During our examination of Holt County Court, we noted a certain matter involving the internal control over financial reporting that is presented here. The comment and recommendation is intended to improve the internal control over financial reporting in the following area:

### **Segregation of Duties**

Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A system of internal control should include proper segregation of duties so no one individual is capable of handling all phases of a transaction from beginning to end.

We noted the office of the County Court had a lack of segregation of duties, as one person was capable of handling all aspects of processing transactions from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties is not possible without additional cost. Further, personnel are under the direction of both the Nebraska State Court Administrator and the Presiding Judge.

We have noted this comment in previous examinations.

We recommend the County Court and the Nebraska State Court Administrator review this situation. As always, the cost of hiring additional personnel versus the benefit of a proper segregation of duties must be weighed.

It should be noted this report is critical in nature as it contains only our comment and recommendation on the area noted for improvement and does not include our observations on any accounting strengths of the County Court.

Draft copies of this report were furnished to the County Court to provide them an opportunity to review the report and to respond to the comment and recommendation included in this report. The County Court declined to respond.

We appreciate the cooperation and courtesy extended to our auditors during the course of the examination.



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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### HOLT COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedule of Changes in Assets and Liabilities Arising from Cash Transactions of Holt County Court as of and for the fiscal year ended June 30, 2008. The County Court's management is responsible for the Schedule. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion.

In our opinion, the Schedule referred to above presents, in all material respects, the assets and liabilities arising from cash transactions of the Agency Funds of Holt County Court as of June 30, 2008, and the related activity for the fiscal year then ended, based on the accounting system and procedures prescribed by the Nebraska Supreme Court as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2009, on our consideration of Holt County Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an attestation engagement performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our examination.

This report is intended solely for the information and use of management, the Supreme Court, others within the County Court, and the appropriate Federal and regulatory agencies; however, this report is a matter of public record and its distribution is not limited.

Signed Original on File

May 5, 2009

Deann Haeffner, CPA  
Assistant Deputy Auditor

HOLT COUNTY COURT  
O'NEILL, NEBRASKA  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**AGENCY FUNDS**

For the Fiscal Year Ended June 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<b>ASSETS</b>				
Cash and Deposits	\$ 39,790	\$ 379,518	\$ 388,575	\$ 30,733
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 4,909	\$ 64,164	\$ 63,669	\$ 5,404
Law Enforcement Fees	325	3,684	3,731	278
State Judges Retirement Fund	1,352	15,945	16,060	1,237
Court Administrative Fees	1,957	24,852	25,105	1,704
Legal Services Fees	1,606	18,417	18,637	1,386
Due to County Treasurer:				
Regular Fines	10,941	118,054	120,804	8,191
Overload Fines	1,525	20,357	20,807	1,075
Regular Fees	442	12,306	11,533	1,215
Petty Cash Fund	50	-	-	50
Due to Municipalities:				
Regular Fines	-	250	215	35
Regular Fees	149	1,931	1,887	193
Trust Fund Payable	16,534	99,558	106,127	9,965
Total Liabilities	\$ 39,790	\$ 379,518	\$ 388,575	\$ 30,733

The accompanying notes are an integral part of the schedule.

**HOLT COUNTY COURT**  
**NOTES TO FINANCIAL SCHEDULE**  
For the Fiscal Year Ended June 30, 2008

**1. Criteria**

**A. Reporting Entity**

The Holt County Court is established by State Statute and is administratively operated through the Court Administrator's Office of the Nebraska Supreme Court, which is part of the State of Nebraska reporting entity. The Schedule of Changes in Assets and Liabilities Arising from Cash Transactions of the County Court reflect only the Agency Funds activity of the County Court; the receipts, and their subsequent disbursement to the appropriate entities for which they were collected. The Schedule does not reflect the personal services expenses of the County Court, which are paid by the Nebraska Supreme Court, or the operating expenses, which are paid by Holt County.

**B. Basis of Accounting**

The accounting records of the County Court Agency Funds are maintained, and the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions have been prepared, based on the accounting system and procedures prescribed by the Nebraska Supreme Court. Under this system of accounting, fines, fees, and receipts relating to trust funds are shown as additions to assets and as an increase in the related liability when received. Likewise, disbursements are shown as deductions to assets and a decrease in the related liability when a check is written.

**2. Deposits and Investments**

Funds held by the County Court are deposited and invested in accordance with rules issued by the Supreme Court as directed by Neb. Rev. Stat. § 25-2713 (Reissue 2008). Funds are generally consolidated in an interest-bearing checking account; however, the County Court may order certain trust funds to be invested separately. Any deposits in excess of the amount insured by the Federal Deposit Insurance Corporation are required by Neb. Rev. Stat. § 77-2326.04 (Reissue 2003) to be secured either by a surety bond or as provided in the Public Funds Deposit Security Act.



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### HOLT COUNTY COURT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN EXAMINATION OF THE FINANCIAL SCHEDULE PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have examined the accompanying Schedule of Holt County Court as of and for the year ended June 30, 2008, and have issued our report thereon dated May 5, 2009. We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our examination, we considered Holt County Court's internal control over financial reporting as a basis for designing our procedures for the purpose of expressing our opinion on the Schedule, but not for the purpose of expressing an opinion on the effectiveness of the County Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County Court's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the accounting system and procedures prescribed by the Nebraska Supreme Court such that there is more than a remote likelihood that a misstatement of the entity's Schedule that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency described in the Comments Section of the report to be a significant deficiency in internal control over financial reporting: Segregation of Duties.



A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the Schedule will not be prevented or detected by the County Court's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Holt County Court's Schedule is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of Schedule amounts; however, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Supreme Court, others within the County Court, and the appropriate Federal and regulatory agencies; however, this report is a matter of public record and its distribution is not limited.

Signed Original on File

May 5, 2009

Deann Haeffner, CPA  
Assistant Deputy Auditor